

## **Internship Report**

on

Nestlé Bangladesh Ltd.



Good Food, Good Life

Course number: BUS400

**Submitted to**

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Dear Mam,

**Subject: Submission of Internship report**

I, Md. Latiful Kabir, student of BRAC Business School, very glad to submit my internship report to you, after working for 6 months with Nestlé Bangladesh Ltd. as an intern. My report is involved with the details of my assigned task from my internship company, market overview of the brand I have been working with and a survey to understand the strength of the brand.

Hence, I am submitting my report, hoping that you will appreciate my informative and detailed approach. In case of any further clarification or elaboration or any kind of queries about the report, you are most welcome to have discussions with me about those.

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Regards,

Md. Latiful Kabir

Student ID: 10104114

### *Acknowledgements*

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First, I would like to thank almighty Allah for enabling me the patience, strength and opportunity to complete this report successfully.

I was assigned for six months internship program at Nestlé Bangladesh Limited and prepare this internship report.

This report would not have been possible without the dedication and contributions of a number of individuals as it involved diverse field of knowledge and experience and lot of information. The list of those great persons, who helped me and guided me to prepare the report is very long and cannot be accommodated within this limited space. Nevertheless, it will be unfair to ignore acknowledging some of them as they contributed so much to my effort of writing a worthy report.

First and foremost, I would like to express my gratitude to Ms. Syeda Shaheerbanu Shahbazi Ahmed, honorable supervisor, BRAC Business School, BRAC University, Ms. Rohini Alam, Category Business Manager MAGGI, Nestlé Bangladesh Limited for agreeing to supervise me during the internship period. Their eagerness to help me every step of the way encourage me to propel myself higher. Secondly, my family members who have given me the unlimited support.

I am also very grateful to Mr Nazmul Huda Naim, Brand Manager, MAGGI Noodle & Mr. Tausif Abdur Rahman, Brand Officer, MAGGI (Soups & Seasoning), Nestlé Bangladesh Limited. Both of them have given his endless effort to guide me in the right direction during the internship period and processing of this report.

Apart from that, I am also grateful to all the employees in the Marketing team for giving me full support and lot of information when I needed them and considered me as one of their own.

### *Executive Summary*

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NBL is one of the largest MNC in our country. It has started its operation in Bangladesh in 1994. They are mostly in food, beverage and nutrition business. Under food category MAGGI is the biggest brand of NBL. Within a few years, MAGGI noodles become so popular in our country. For consecutive for years MAGGI Noodles was nominated for the 'No 1 Snack Brand' by Bangladesh Brand Forum. Comparing to other noodles brand, this brand has been able to build a loyal consumer base. Now MAGGI has almost 70% market share in the instant noodles category. MAGGI is right now the first choice of the mothers and the children. Its unique taste and quality made it possible that MAGGI has now become synonymous to noodles to the children.

Being an intern in the 'MAGGI Brand Team' under Marketing function of NBL, I got the opportunity to observe the brand activity, its strengths, weaknesses and possibilities. As a student of marketing background, I was always wondering about the strength of the MAGGI brand in the market place. That's what led me to execute a simple survey, to collect target consumers' opinion. After analyzing the data, survey results reveal the strengths and possibilities of MAGGI brand in the noodles market of Bangladesh.

The report also included the tasks I have performed as an intern in the marketing team. The challenges I have face and the experienced I have gathered.

## *Table of Content*

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<b>Name of the Contents</b>	<b>Page No</b>
<b>Introduction</b>	05
<b>Company Overview</b>	06
<b>Mission, Vision, Objectives &amp; Strategies</b>	12
<b>Organogram</b>	14
<b>Overview of MAGGI Brand</b>	15
<b>SWOT Analysis</b>	16
<b>Porter's Five Forces Model</b>	19
Analyzing Brand strength of MAGGI Noodles	24
<b>Findings of the Survey</b>	29
<b>Learning &amp; Observation</b>	36
<b>Conclusion</b>	39
<b>References, Bibliography &amp; Appendix</b>	40

## *Introduction*

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Nestle Bangladesh Ltd is one of the leading MNC in our country. The company is mainly involved in the food and nutrition business. In the food category MAGGI is the most successful brand in Bangladesh. MAGGI noodles and soups are very popular in our country. They also have seasoning and bullion under MAGGI umbrella. Within a very short time MAGGI has gain much popularity in our country. It has changed consumers' food habit, and become selected as 'No 1 Snack Brand in BD' by Brand Forum for consecutive 4 years. Apart from that it has almost 70% market share in instant noodles category. Lot of factors worked behind to make this brand successful. Understanding the brand strength of MAGGI, consumers' perception about the brand would be helpful to comprehend the FMCG market in Bangladesh.

### **Objective**

Objective of the report was associated with the internship purpose. Internship objective is to gather practical experience by working in a corporate environment. To that concern, this report is actually the summary of the experience I gathered, tasks I have done. Report was prepared by following every rule suggested by BRAC University and with the assistance of the colleagues of NBL brand team.

### **Methodology:**

Information and data gathering is the most crucial part of preparing this report. To gather information I have to interview different employees. Sometimes I have to discuss with the third parties. NBL's internal website was a great help for collecting the company's history and product range. To gather the survey data, lot of consumers' were interviewed. Employees in the brand team were the major source of collecting information.

### **Primary Source:**

1. Major source of information was discussing with my supervisor Category Business Manager (Brand: MAGGI) Ms Rohini Alam; Brand Manager (MAGGI) Mr. Nazmul

Huda Naim; Brand Officer Mr. Tausif Abdur Rahman and previous Brand Manager(Previously: MAGGI, Present:Nescafe) Mr. Khandakar Ashiqur Rahman.

2. Internal documents.
3. All the survey respondents.

### **Secondary Source:**

1. Secondary source of information was NBL's internal website.
2. Previous survey data.

### **Limitations**

While preparing the report I had faced lot of difficulties. Sometimes rules and regulations binds me to collect the complete information.

1. NBL has strong rules and regulation of sharing confidential information. I did not have access to all the information I needed.
2. The time limit for preparing the report was extremely short. I only had one day weekend to work with the report.
3. I have to work different tasks in the organization simultaneously I have to collect data.
4. Employees were extremely busy, so getting their appointment was also difficult
5. Some of the respondents were not very cooperative, collecting information from them was difficult too.

### **Company Overview**

Nestlé is world's largest health, nutrition and wellness company. Globally it is twice in size of its nearest FMCG competitors; relatively business expansion is still in the developing stage in Bangladesh. However in the most recent times, it has experienced an organic growth of 40% and this trend predicted to continue in the coming few years.

### **History of Nestlé**

Nestlé was founded by the Henri Nestlé (10 August 1814 – 7 July 1890), a German confectioner in Vevey, Switzerland in 1866. Ever since then, in the food industry Nestlé is the most trusted name, with its one and only target putting a seal on it - Good food Good Life.

This is also the mission of Nestlé, driving the company to provide consumers with the most nutritious choices in a wide range of food and beverage categories. The vision of —creating shared value and the very own —Corporate Business Principles shaped the company culture and made them a reliable investor over 86 countries of the world. Today Nestlé employs around 280,000 people and have factories or operations in almost every country of the world with a total equity of CHF 62.60 billion.

The timeline of this spectacular journey is as follows -

**1866-1905:** Henri Nestlé's quest for a healthy, economical alternative to breastfeeding is the important factor that drives the history of Nestlé Company. Henri Nestlé started his experimentations with various combinations of cow milk. His ultimate goal was to help combat the problem of infant mortality due to malnutrition. People quickly recognized the value of the new product, as Nestlé's new formula saved the life of children within a few years. In August, 1867 Charles and George Page, two brothers from Lee County, Illinois, USA, established the Anglo-Swiss Condensed Milk Company in Cham. In 1877 Anglo-Swiss added milk-based baby foods to their products and in the following year the Nestlé Company added condensed milk so the firms became direct and fierce rivals. Henri Nestlé retired in 1875 but the company under new ownership retained his name as Farine Lactée Henri Nestlé.

**1905-1918:** The Company formed by the 1905 merger was called the Nestlé and Anglo-Swiss Milk Company. Most production facilities remained in Europe, however, and the onset of World-War I brought severe disruptions, as a result acquiring raw materials and distributing products became increasingly difficult. At the same time the war created tremendous new demand for dairy products, largely in the form of government contracts. By war's end, the Company had 40 factories, and its world production had more than doubled since 1914. Moreover in this period Nestlé added chocolate to its range of food products and also the Condensed-milk exports



increased rapidly as the Company replaced sales agents with local subsidiary companies. In 1907, the Company began full-scale manufacturing in Australia.

**1918-1938:** The end of World War I brought with it a crisis for Nestlé. Rising prices for raw materials, the worldwide postwar economic slowdown, and declining exchange rates made the situation worst. In 1921, the Company recorded its first loss. Nestlé's management brings Louis Dapples as an expert to deal with the situation; his rationalized operations and reduction of the company's outstanding debt improve the financial condition. On the other hand Nestlé's first expansion beyond its traditional product line came in 1920s by producing chocolates.

Meanwhile, Brazilian Coffee Institute first approached to Nestlé in 1930 to reduce Brazil's large coffee surplus, after eight years of research Nestlé came with Nescafé became an instant success.

**1938-1944:** in this period World War II were felt immediately upset the business once again and Profits dropped from \$20 million in 1938 to \$6 million in 1939. To overcome distribution problems in Europe and Asia, factories were established in developing countries; particularly in Latin America. As the end of the war approached, Nestlé executives found themselves unexpectedly heading up a worldwide coffee concern, as well a company built upon Nestlé's more traditional businesses.

**1944-1975:** The graph of growth sets its trends little higher between 1944 and 1975. As a result many new products were added and outside companies were acquired. Nestlé merged with Alimentana S.A in 1947, purchase of Findus frozen foods occurred in 1960, Libby's fruit juices joined the group in 1971 and Stouffer's frozen foods in 1973 and finally in 1974 the Company became a major shareholder in L'oréal, one of the world's leading makers of cosmetics. The Company's total sales doubled in the 15 years after World War II.

**1975-1981:** In 1975 and 1977 price of coffee bean and the price of cocoa tripled. In this situation to maintain a balance, Nestlé went to second venture outside the food industry by acquiring the pharmaceutical and ophthalmic product producer Alcon Laboratories Inc. of U.S; as a result it increased competition and shrink the profit margins.

**1981-1995:** Improvement of financial situation through internal adjustments and strategic acquisitions are the two important moves in this period. As a result between 1980 and 1984, diversification of several non-strategic or unprofitable businesses occurred. On the other hand Nestlé managed to put an end in the third World to about a serious controversy over its marketing of infant formula in this period. In 1984 Nestlé acquire American food giant Carnation and became one of the largest company in the history of the food industry.

**1996-2002:** The opening of Central and Eastern Europe, along with China and a general trend towards liberalization of direct foreign investment was good news for the company. On the other hand in July 2000 Nestlé launched a Group-wide initiative called GLOBE (Global Business Excellence) aimed to simplifying business process. Two more acquisitions took place in this period-U.S. ice cream business was to be merged into Dreyer's and the acquisition of Chef America, Inc. a leading U.S.-based hand-held frozen food product business.

**2003-2009:** Within this area the acquisition of Mövenpick Ice Cream, Jenny Craig and UncleToby's enhanced Nestlé's position as one of the world market leaders in the super premium category. On the other hand Novartis Medical Nutrition, Gerber and Hennie join the Company in 2007. Meanwhile Nestlé entered into a strategic alliance with the Belgian chocolatier Pierre-Marcolini at the end of 2009.

**2010 to present:** In mid-2010 Nestlé finalized the sale of Alcon to Novartis. On 1 March 2010, Nestlé concluded the purchase of Foods' North American frozen pizza business for \$3.7 billion. In July 2011, Nestlé SA agreed to buy 60 percent of Hsu Fu Chi International Ltd. for about \$1.7 billion. On 23 April 2012, Nestlé agreed to acquire Pfizer Inc.'s infant-nutrition unit for \$11.9 billion. Before the acquisition, there was a 'bidding war' between the three share - holders Nestlé, Mead Johnson Nutrition and Danone. Each of the companies held a share, with Nestlé holding the biggest share (17%) (Johnson held 15%, Danone 13%).

As of 28 May 2013, Nestlé has announced that it will expand R&D in its research center in Singapore. With a primary focus on health and nutrition, Nestlé is investing \$4.3 million in its

Singapore center, creating 20 jobs for experts in related R&D fields. In 2013 Nestlé Nigeria successfully pioneered and implemented the use of compressed natural gas as a fuel source to power their Flowergate factory.

### **Globally recognized brands of Nestlé:**

The brand portfolio delivers the message once again how big Nestlé in the food industry. It is the trust and effort of the Nestlé professionals which created the win winning scenario. Today Nestlé covers almost every food and beverage category – giving consumers tastier and healthier products.

□ **Baby foods:** Cerelac, Lactogen, NAN, Gerber, Gerber Graduates, NaturNes, Nestum

□ **Bottled water:** Nestlé Pure Life, Perrier, Poland Spring, S.Pellegrino

□ **Cereals:** Chocapic, Cini Minis, Cookie Crisp, Estrelitas, Fitness, Nesquik Cereal

□ **Chocolate & confectionery:** Aero, Butterfinger, Cailler, Crunch, Kit Kat, Orion, Smarties, Wonka

□ **Coffee:** Nescafé, Nescafé 3 in 1, Nescafé Cappuccino, Nescafé Classic, Nescafé Decaff, Nescafé Dolce Gusto, Nescafé Gold, Nespresso

□ **Culinary, chilled and frozen food:** Buitoni, Herta, Hot Pockets, Lean Cuisine, Maggi, Stouffer's, Thomy

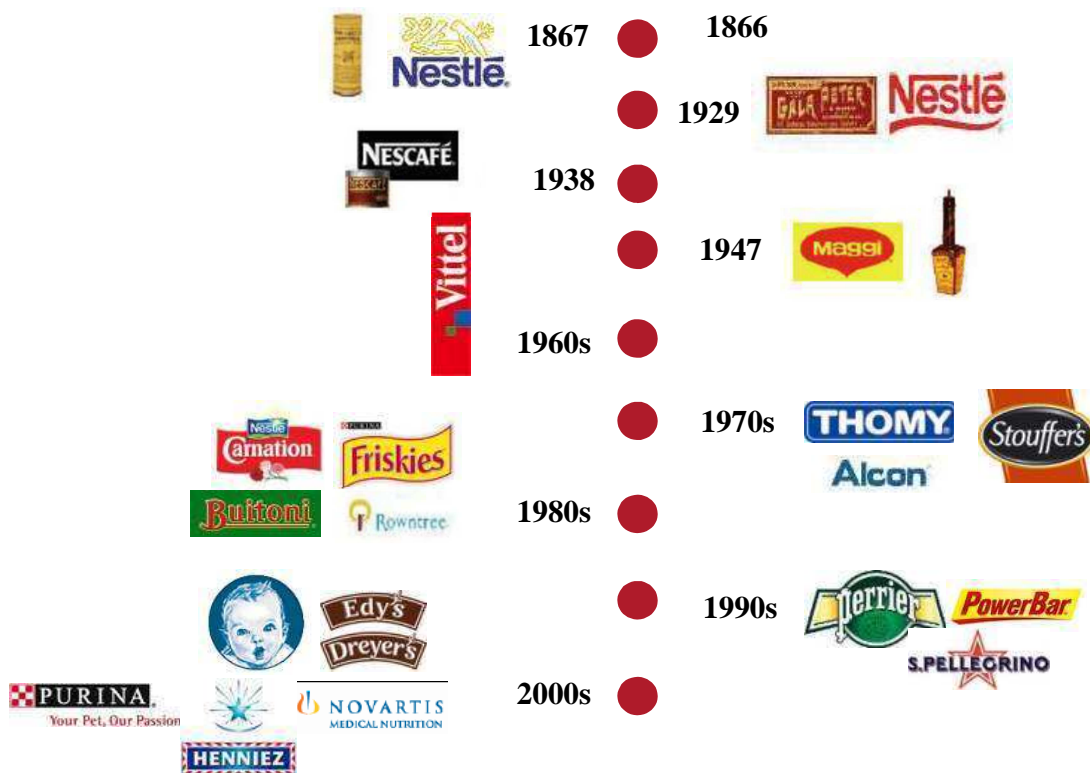
□ **Dairy:** Carnation, Coffee-Mate, La Laitière, Nido

□ **Drinks:** Juicy Juice, Milo, Nesquik, Nestea

□ **Food service:** Chef, Chef -Mate, Maggi, Milo, Minor's, Nescafé, Nestea, Sjora, Lean Cuisine, Stouffer's

□ **Healthcare nutrition:** Boost, Nutren Junior, Peptamen, Resource

- **Ice cream:** Dreyer's, Extrême, Häagen-Dazs, Mövenpick,
- **Petcare:** Alpo, Bakers Complete, Beneful, Cat Chow, Chef Michael's Canine Creations, Dog Chow, Fancy Feast, Felix, Friskies, Gourmet, Purina, Purina ONE, Pro Plan
- **Sports nutrition:** PowerBar
- **Weight management:** Jenny Craig.



## Nestlé in Bangladesh

Popular Nestlé brands started entering this part of the sub-continent during the British rule and the trend continued during the pre-independence days of Bangladesh. After the independence in 1971, Nestlé World Trade Corporation, the trading wing of Nestlé S.A, sent regular dispatch of Nestlé brands to Bangladesh through an array of indentures and agents and some of the brands such as NESCAFÉ, CERELAC, LACTOGEN, MUNCH ROLLS and MAGGI became some very common products.

Nestlé Bangladesh Limited started its commercial operation in Bangladesh in 1994. Its total authorized capital is TK1.5 billion and total paid up capital is TK 1.1 billion. The only factory of the company in Bangladesh is situated at Sreepur, 55 km north of Dhaka. The factory produces the instant noodles and cereals and repacks milks, soups, beverages and infant nutrition products.

Today Nestlé Bangladesh Ltd. is a strongly positioned organization. The Company is continuously growing through the policy of constant innovation, concentrating on its core competencies and its commitment to high quality food to the people of Bangladesh.

Since the beginning of Nestlé's operation in Bangladesh, the chairman of the company has been Mr. Latifur Rahman, one of the top industrialists of the country, his firm Transcom used to import the products of Nestlé. His business house Transcom is still involved in wide range of business like beverage, pharmaceutical, electronics, newspaper, tea export, fast food franchises etc. Still he remains as an honorary chairman of the company.

In Bangladesh Nestlé's vision is-to be recognized as the most successful food and drink Company in Bangladesh, generating sustainable, profitable growth and continuously improving results to the benefit of shareholders and employees.

## **MISSION, VISION, OBJECTIVES AND STRATEGIES**

### **Mission**

While Nestlé's mission is to be the world's leading nutrition, health and Wellness Company, Nestlé Bangladesh has set its target aligned with Nestlé's mission of "Good Food, Good Life" by providing consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

### **Vision**

To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen preferred employer preferred supplier selling preferred products.

### **Objectives**

Nestlé Bangladesh's leading objectives are:

a) To develop safe and wholesome packaged foods using the most efficient and appropriate packaging materials available, while, at the same time, satisfying consumer requirements and expectations.

b) Nestlé Bangladesh seeks packaging solutions that:

- will result in the lowest possible weight and volume of packages
- Take into account new packaging materials and processes that reduce the impact on the environment;
- Avoid the use of substances that can adversely impact the environment during packaging production and disposal
- Decrease packaging waste at all stages, including package manufacturing, utilization and disposal
- Increase the use of recycled materials wherever possible; and
- Increase the recyclables and compatibility of its packages with existing wastemanagement schemes.

## **Strategies**

Nestlé Bangladesh has these strategically key Success Factors:

- Strong brands / relationships with consumers
- Research and development
- Innovation and renovation
- Product availability

## **BUSINESS AND FUNCTIONS**

There are currently 80 distributors of Nestlé Bangladesh products of which 76 are retail distributors and remaining 4 are Nestlé Professional's distributors providing products for the out of home consumptions. The whole country is divided into seven regions:

- |                |                |               |
|----------------|----------------|---------------|
| a) Dhaka North | b) Dhaka South | c) Chittagong |
| d) Bogra       | e) Khulna      | f) Sylhet     |
| g) Barisal     |                |               |

### **Overview of MAGGI**

MAGGI is a Nestlé brand of instant soups, stocks, bouillon cubes, ketchups, sauces, seasonings and instant-noodles. The original company came into existence since 1872 in Switzerland, when Julius MAGGI took over his father's mill. It quickly became a pioneer of industrial food production, aiming at improving the nutritional intake of worker families. It was the first to bring protein-rich legume meal to the market.

In 1947, following several changes in ownership and corporate structure, MAGGI's holding company merged with the Nestlé Company to form Nestlé-Alimentana S.A. currently known as Nestlé S.A.

### **MAGGI in Bangladesh**

- 1997-MAGGI-2-Minute Noodles was launched in Bangladesh in 1997 with local production.
- 2000- MAGGI Soups were launched.
- Today- MAGGI is the market leader in instant Noodles & Soups.

MAGGI 2-Minute Noodle was launched in Bangladesh in 1997. Since then, it has been the market leader in instant Noodles & now synonymous with noodles. Present portfolio of MAGGI Noodles includes MAGGI-2-Minute Noodles (Masala & Curry flavors). MAGGI was the pioneer to launch dehydrated soup in Bangladesh in 2001. MAGGI Soup has quickly gained popularity with the 'Restaurant taste at home' positioning and was re-launched with wellness benefits under the brand name 'MAGGI Healthy Soups' in late 2007. It is now available in 3 flavors– Sweet Corn & Chicken, Thai & Vegetable.

### **Market positioning of MAGGI in Bangladesh**



### Positioning Taglines of MAGGI

Convenience product	তাতাতাডি ম্যাগী দাও
Instant food	ব্যাস দুই মিনিটে...
Fun food	মামনি... ম্যাগী...
Health and wellness food	দারুন-মজা, দারুন-পুষ্টি

### *SWOT analysis of MAGGI Noodles*

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#### **Strengths**

01. Market Leader: in instant noodles category MAGGI holds 68% of the market share alone. This means, MAGGI has a substantial number of loyal consumers than its competitors. It gives MAGGI an added advantage.
02. Unique Selling Proposition ‘Easy to Cook’: ‘Two Minute Noodles’ is one of their strongest USP. It actually takes two minutes to prepare, if someone follows the recipe on the pack. Beside this it takes less time & effort to prepare MAGGI than conventional noodles. This convenience and unique taste makes MAGGI distinctive than rest of the player in the noodles market.
03. Distribution Channel & Dedicated sales team: Wide spread distribution channel & dedicated sales team made it possible for MAGGI noodles to be available in maximum number of trades. Placements of products ‘Up-Top’ & ‘Up-Front’ in trades increase visibility & drive consumers to purchase. Active & hard working sales team successfully forecasts demand and D&SP team make the supply smooth to the distribution end.
04. Excellent Advertising Visibility: visibility of POSM keeps consumers aware about MAGGI noodles & its upcoming promotions. Invention of product shelf like MAGGI noodles basket also increases the visibility of the products.
05. R&D facility: High end R&D facility in Dubai, helps MAGGI to find out perfect recipe for noodles to suit the taste preference of BANGLADESHI consumers. This high end R&D facility also helps to invent variety of new recipes for upcoming SKUs’ and able to keep up with the changing taste pattern of the consumers.

06. 100 of year's business experience: More than 100 of years of business experience and knowledge give MAGGI huge advantage than its local competitors. Know how from different markets are used to set strategy and achieve long term profit.
07. Outstanding Business strategy: Sustainable business strategy makes the company seek for long term profit. It gives MAGGI enough time to accept by the consumers and make a rock solid loyal consumer base.
08. Substantial product sampling: MAGGI always go for huge sampling which helps it keep on track. Sampling mostly target school going children, who are the actual influential group while purchasing noodles. The target for sampling for year 2014-15 is 20 million pcs noodles cake.

### **Weaknesses**

01. Limited variety in BANGLADESH market: MAGGI has only two types of flavor in BANGLADESH market. On the other hand MAMA has 4 flavors. This gives MAMA a competitive edge over MAGGI.
02. Price: considering the proportion MAGGI noodles price is higher than any stick noodles SKU. That's why it is only popular among family having higher income. But most of the population of our country stays below that income level.
03. Lower profit margin for retailers: MAGGI noodles give lower profit margin to retailers & wholesalers. On the other hand its competitors give much higher margin to the traders. So traders want to keep their product more in the trade shelf.
04. Lower shelf life: due to the taste maker's short life span, MAGGI has only seven months shelf life. On the other hand stick noodles has higher shelf life than MAGGI.

### **Opportunities**

01. Increase of consumers' purchasing power & longing for higher standard of life: Recently increasing in per capita income inspires households to spend more for higher standard

life. This would help MAGGI to penetrate into more households, who were looking for low-cost alternatives earlier.

02. Competitors' lack of competency: existing competitors are not competent enough to give hard times to MAGGI. Either they lack the uniqueness, taste, quality or having a suitable distribution channel. For example FU-WANG & MAMA has quality product but their distribution channel is weak. On the other hand PRAN & COCOLA has a strong distribution channel but their products are not good enough.
03. Unexploited rural market: because of the comparatively higher price MAGGI only able to penetrate into solvent households. As urban population has higher purchasing power than rural people. Distribution is more concentrated in urban areas. So MAGGI still has an opportunity to tap that market and increase volume.
04. Change in consumers' food consumption: consumers are buying more noodles than before due to their changing food habits. It gives MAGGI the chance to expand.

### **Threats**

01. Lot of competitors: in instant noodles category there are 10-12 players exist in BANGLADESH market. All of them are charging almost same price.
02. Higher profit margin provided by competitors: competitors like PRAN, MAMA give traders' higher profit margin than MAGGI. So traders are more eager to keep their products than MAGGI.
03. Higher promotional campaign by competitor: competitors' are continuously go for various kind promotion like price off promotion, or offering gifts or else. PRAN recently offer 'Free sauce sachet' with every 62gm noodles cake.
04. Higher spending on commercials by competitors: competitors are spending huge amount of money in press ads or in TVC. This can increase the awareness of their products.

### *Porter's Five Forces Model*

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To understand Bangladesh noodles market more elaborately & intensely, we are going to use “Porter’s Five Forces” model. Porter’s five forces model is a perfect framework to analyze the level competition in any industry, its attractiveness and to realize actual state. For representation of the overall noodles industry of BANGLADESH in brief this model would surely be very helpful.

These five forces are

- Threat of new entrants
- Threat of substitute products or services
- Bargaining power of customers (buyers)
- Bargaining power of suppliers
- Intensity of competitive rivalry

#### **Threat of new entrants**

Profitable market yields high returns to the investors. This makes it attractive to the new investors. Results lots of new entry, eventually decrease in profitability for all the firms exist. It means the easier to enter into a new industry the less likely it is attractive.

- **The existence of Entry Barriers and Exit Barriers:** The most attractive segment is one in which entry barriers are high and exit barriers are low. Few new firms can enter and non-performing firms can exit easily. In noodles industry in BANGLADESH key entry barriers are:
  - **Existence of lot of competitors:** In case of stick noodles 5-6 major players are competing. In instant category more than 8 competitors exist.
  - **Existing price competition:** For stick noodles 200gm prices are varying between BANGLADESH 18 – 20. On the other hand in instant category for 62gm pack all the competitors are charging BDT 17 in most cases.

- **Government policy:** No strict policy is followed by BANGLADESH Government. Actually Government always tries to encourage new investors. Anyone who wants to start a business in noodles industry just need to follow some rules set by Ministry of industry, Ministry of Environment and BSTI guidelines.
- **Capital requirements:** To start a business in the industry investors need a good amount of capital to set up the factory. The fixed cost is here is huge.
- **Economies of scale:** Achieving Economies of scale is very important. Otherwise staying in the business for years would be very much difficult. To succeed firm need to stay for a quite long time. At present achieving economies of scale is quiet difficult due to the numbers of competitors.
- **Product differentiation :** In such competitive market without differentiation survival would be difficult in the long run. Most of the instant noodles brands try to differentiate their products.
- **Access to distribution:** To compete with the other players in the market one need to have a strong distribution channel to make the product available. Right now MAGGI, PRAN & COCOLA has very strong distribution channel in Bangladesh. Comparative to those distributions of mama and FU-WANG still pretty weak.
- **Customer loyalty to established brands:** Customer loyalty is not very important for noodles. When a new product arrives consumers have tendency to taste the product. For example when mama arrived in Bangladesh lot of consumers tried the product which results sudden increase in their market share.

#### **Threat of substitute products or services:**

In case of noodles industry Pasta could be a substitute. The only local player producing Pasta in Bangladesh is Kolson Macaroni. Rest of the products imported from foreign countries. The main weakness of this substitute is the price and the limited distribution capacity of the Grey Channel.

#### **Bargaining power of customers (buyers):**

In noodles industry in Bangladesh, bargaining power of the consumers is very high. Availability of lot of competitors in the market makes this easy for consumers to switch the brand.

- **Degree of dependency on the product:** Noodles is used as evening snacks, entertaining guests or in Tiffin. So the product is getting popular day by day but not a must needed product. But with the changing food habit of Bangladesh population noodles are becoming more popular day by day.
- **Switching costs:** Switching to other noodles brand cost nothing to consumers. All the competitors in instant category asking the same price. The real challenge for the consumers is the taste of the product.
- **Buyer price sensitivity:** Most of the buyers are highly price sensitive, but in case of noodles price is kind of fixed for several years. But when there are any promotional discounts offered by any competitors, they enjoy incremental sales.

#### **Bargaining power of suppliers:**

In Bangladesh bargaining power of the supplier is very little. Lot of suppliers compare to the number of firm producing noodles reduces their power to negotiation. Firms can easily switch to another supplier.

Supplier switching costs is negligible. As number of suppliers are huge firm always can go for the low cost option.

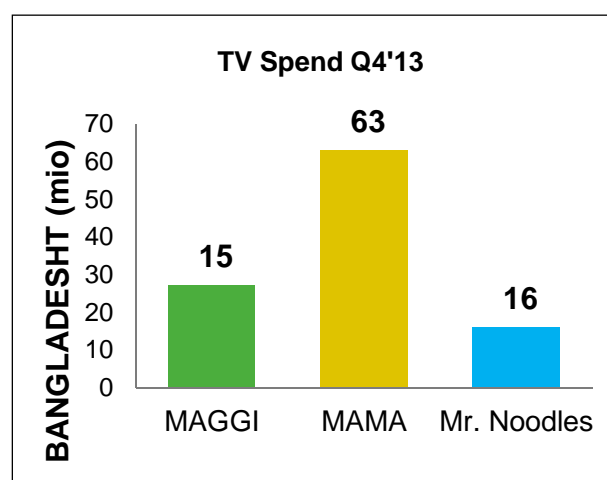
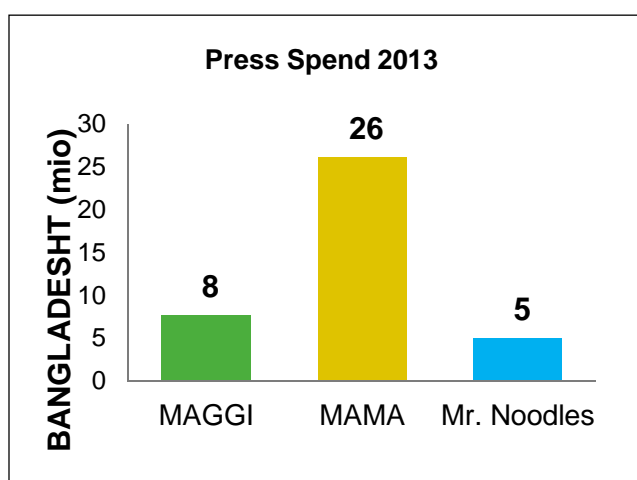
#### **Intensity of competitive rivalry**

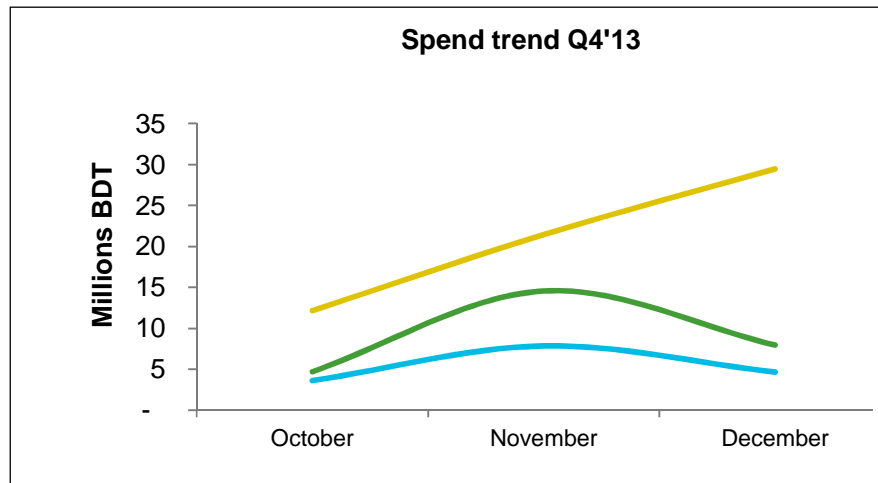
For most industries the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. In Bangladesh noodles industry the competition is intense. Already mentioned the whole Bangladesh noodles industry divided into two categories: Stick noodles & Instant noodles

**Stick noodles:** Stick noodles hold 50% of the whole noodles market share. Economy price, availability are reasons for its popularity. The players in the stick noodles are COCOLA, ACI, MERIDIAN, SHAJEEB BAR-B-Q noodles etc.

**Instant noodles:** Rest of the 50% market is captured by instant noodles. Convenient to cook, unique taste and lot of different flavors help this category to become popular. The key players in the instant category are MAGGI, PRAN MR NOODLES, FU-WANG, MAMA, IFAD etc.

- **Sustainable competitive advantage through innovation:** In noodles industry the only innovation that can help a player is the taste of the product. MAGGI has two flavors in the market “Curry” and “Masala”. FU WANG has only one flavor. IFAD has two flavors: “Chicken” & “Masala”. PRAN has only flavor; “Magic Masala”.
- **Level of advertising expense:** The level of advertising is differing from competitor to competitor. Though there is no price war exists between the competitors but in case of advertising the situation is totally different. In 2013 MAMA spent more than BDT 26 million on press ads, where MAGGI spent close to BDT 8 million and PRAN spent approximately BDT 5 million. Furthermore in the last quarter of 2013 MAMA alone spent BANGLADESHT 63 million on TVC while PRAN spent BDT 16 million and MAGGI spent BDT 15 million.





- Powerful competitive strategy:** Each player has different competitive strategy. For instance MAMA Noodles is comparatively spicy then rest of the noodles of the market. So they coming up with a niche marketing strategy. They only target the young adult consumers and their slogan is “মামা নুডলস বড়দের নুডলস”. Unlike MAMA noodles, MAGGI coming up with usual “Snacks for full family” approach. Whereas PRAN Mr. Noodles took mixed approach. Their ads both target children and adult.
- Competitive pricing strategy:** Interesting thing in the noodles market is all the competitors are charging almost same price of their product. So there is no price war exist till now. In instant category COCOLA 62 gm price is BDT 18, Mr. Noodles, MAGGI, MAMA 62 gm price is BDT 17, however FU WANG 62 gm price is BDT 15. For 248gm pack MAGGI reduced their price from BDT 68 to BDT 66 in September'13, where MAMA 248 gm SKU price is BDT 65. PRAN increased the price of their 496 gm SKU from BDT 120 to BDT 125 to match with MAGGI 496 gm SKU. On the other hand FU-WANG 650 gm SKU price is BDT 150 in the trade.



### *Analyzing Brand strength of MAGGI Noodles*

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In instant category MAGGI holds almost 68% market share. It means MAGGI Noodles is quite ahead of the rest of the noodles brand in terms of earning profit. The question arise here is 'Does MAGGI successfully able to give its consumers "Right Type" of experience? Does MAGGI able to establish itself in the mind of the consumers by making them like the brand, with their desired feelings, thought, and perception? Does this brand able to build a loyal customer base to ensure sustainability in the long run?

To figure that out and also to evaluate the brand strength of MAGGI noodles compare to its competitors, we used two different tools. One is "Brand Health Tracker" and another is "Brand Building Blocks". These two tools will help to identify the strength of MAGGI brand compare to rest of the players in the market.

### **Objectives**

1. To determine strength of MAGGI as a noodles brand regarding consumers' awareness, trial, usage rate & loyalty compare to other brands.
2. To determine whether MAGGI is able to provide the "right type of feelings" to its loyal consumers?
3. To determine to what extent MAGGI is able to motivate its consumers to go for advocacy for the brand.
4. Determine consumers' perception towards this brand, in terms of reliability, feelings, trust etc.

### **Conceptual Background**

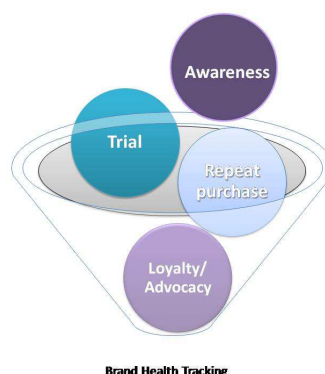
**Brand Health Tracking:** This is a tool used by NBL to identify the current status quo of the brand. This tool helps the brand manager to identify the areas of strength and weakness of the brand & required task to overcome the problems and patronize the effective initiatives. Brand

Health Tracking consists of four segments; Awareness, Trial, Repeat Purchase, Loyalty or Advocacy.

**Awareness:** Brand awareness refers to customers' ability to recall and recognize the brand under different condition and to link the brand name with logo, symbol and so forth. Brand awareness thus gives the product an identity by linking brand elements to a product category and associated purchase and consumptions or usage situation. (Keller). Brand awareness test will give us the facts that, what percentages of consumers are aware or know the brand.

**Trial:** This is the next level. Trial refers to consumers ever tried the brand's product or not. If so how many times they have tried. Have they tried it once, more than once, or occasionally? In this level consumers already used the product. After learning of the product, consumers may make a trial purchase to test the product. If consumers found favorable results, they will repeat their purchase of the product. That's why trial is so critical for a product to gain success.

**Repeat Purchase:** This refers to how often do consumers purchase a brand product and how much do they purchase? For bottom line profit results, the brand must generate sufficient purchase frequencies and volumes. Lifetime value of repeat purchase of a consumer could be enormous.



### **Loyalty/Advocacy**

This is the final step of “Brand Health Tracking” tool. The extent of the faithfulness of consumers to a particular brand, expressed through their repeat purchases, irrespective of the marketing pressure generated by the competing brands. A brand advocate is a person, or customer who talks favorably about a brand or product, and then passes on positive word-of-

mouth (WOM) messages about the brand to other people. Increasingly customers are relying more on third parties to make their buying decisions (rather than through traditional paid for communications such as advertising). These third parties or advocates can be friends or family, experts such as doctors, social groups or journalists. Brand advocacy is the recommendation of a brand by one of these influencer groups. When a consumer starts advocating one brand, it means that particular brand has successfully converted that consumer for long.

### **Brand Building Blocks**

This is another excellent tool to assess brand strength. Different steps of the brand building blocks help to measure the strength of the brand in different level in consumers mind.

Building a strong brand results greater brand equity for the company. That's why companies are interested in building strong brand. (Keller) Strong brand with great equity leads to several benefits like customer loyalty, less vulnerability to competitive market actions, larger margins, favorable response from consumers in case of price increase etc.

Building a strong brand is not easy but still every company wants to achieve that. According to CBBE model the power of a brand lies in what customers have learned, felt, seen and heard about the brand as a result of their experience overtime. (Keller). In other words, the power of a brand lies in what reside in the mind of customers. (Keller).

As per CBBE model building a strong brand contain series of steps, and each step is contingent on successfully achieving the previous step.

According to Kevin Lane Keller, foundation of a strong brand constructed on 'Six Brand Building Blocks'. Those are salience, performance, imagery, judgment, feelings and resonance. Each and every block is equally important for building a strong brand. If there is any gap left between consumers expectation and product proposition that brand might be successful for the time being but not for long.

## **Brand salience**

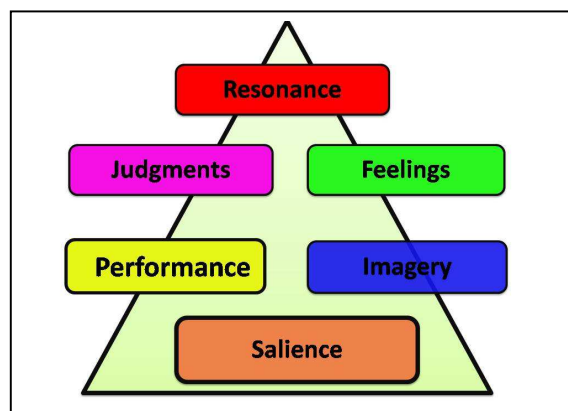
It measures the awareness of the brand among customers. It helps to determine how often or easily the brand is evoked in various situations. To what extent the brand is in the Top of mind also can be understood by this tool.

## **Performance**

Refers to how well the product or service meets customers' more functional needs. Brand performance transcends the product's ingredients and feature to include dimensions that differentiate the brand. In a word, performance of a brand depends on the quality assessment by the customers. Product reliability, efficiency, effectiveness etc. falls under performance.

## **Brand Imagery**

Depends on the extrinsic properties of the product or service, including to which extent brand attempts to meet customers' psychological or social needs. In simple language, it is the way people think about the abstractly.



## **Brand Judgment**

Customers' personal opinion and evaluations of the brand, which consumers pulling together all the different brand performance and imagery associations.

### **Brand Feelings**

It is all about consumers' emotional response & reactions towards brand. It mostly focused on what a particular brand make consumers feel. How does brand affect customers' feeling about themselves & their relationship with others?

### **Brand Resonance**

Describes the nature of the relationship between the brand and consumers' and to which extent consumers' feel that they are 'in sync' with the brand. Resonance is characterized in terms of intensity, or depth of the psychological bond customers have with the brand.

If a brand can successfully able to accomplish those building blocks, put them one after one and finally establish itself on that solid construction, that brands is surely going to stay for long. The loyal consumers of that brand never let that brand to get disappear.

## **Methodology**

### **The Survey instrument**

A structured self-administered questionnaire was used. The questionnaire was developed in English first, and then translated into Bengali.

The questionnaire included an introductory statement presenting the topic of the survey. In the beginning of the questionnaire where we collected some personal information like, family income, address, no of children, mobile no etc. and we have mentioned it clearly that all those information will be kept secret.

### **Data collection**

Mostly married women with children are the usual consumer of MAGGI noodles. So the samples we selected we wanted that to be representative. The sample size is 124. Our samples only included female; age is between 25 to 45 years. To collect data we used random sampling approach.

### **Limitations**

The samples were collected from the people living in Dhaka city. So this might not be 100% representative. Time constraint was also a big challenge. Explaining the question was also challenging as people have less understanding about brand feelings.

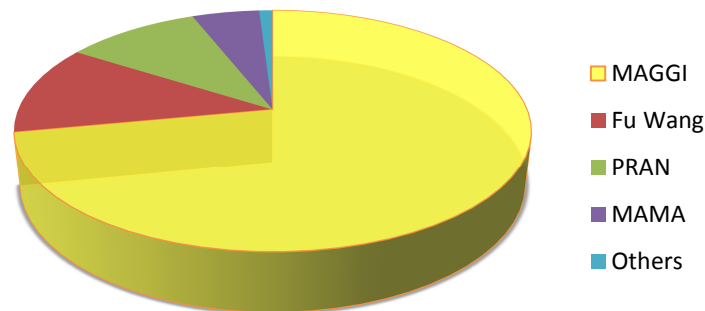
## **Findings of the survey**

Let's start with the Brand Health Tracking tools. There were six questions in the questionnaire to track the brand health situation of MAGGI noodles. Then we would find out the condition of 'Brand Building Blocks' of MAGGI noodles.

The respondents were asked to remember the name of any "Five" noodles brand. With or without assistance, 98% of the total 124 respondents were aware about the brand. It means that

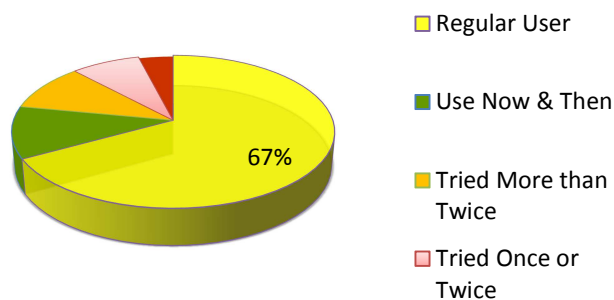
awareness of the brand is reasonably high. This indicates that MAGGI is successfully spread its brand. Later we found that, brand is in the top of mind of 72% of the respondents. This means that most of respondents recalled the brand name MAGGI in the first place.

### Top of Mind Noodles Brand



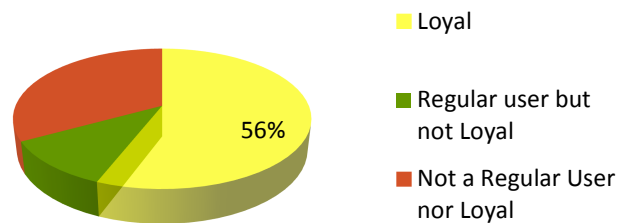
To know how many times each consumer tried the product, we asked them a very specific question. We found, out of 124 respondents 96 % tried the brand at least once. 10 % of the respondents tried the brand more than twice. At the same time 67% of the respondents are regular user of the brand.

### Trial of MAGGI Noodles



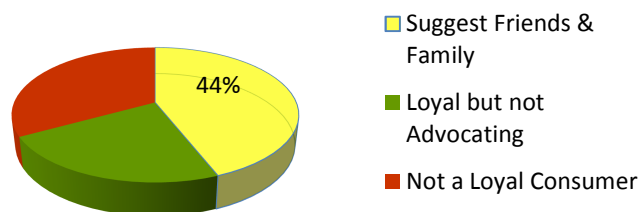
In response to the question regarding consumers' loyalty towards MAGGI, 56% of the respondents were believe they are loyal to this brand, since they buy only MAGGI Noodles for their family.

### Consumers' Loyalty towards MAGGI



Next to found out advocacy rate, we asked how many of them referring MAGGI Noodles to their friends or family. Among total respondents, 44% of them told or convinced their friends, family members or acquaintances to buy MAGGI noodles.

### Advocacy Level for MAGGI Brand

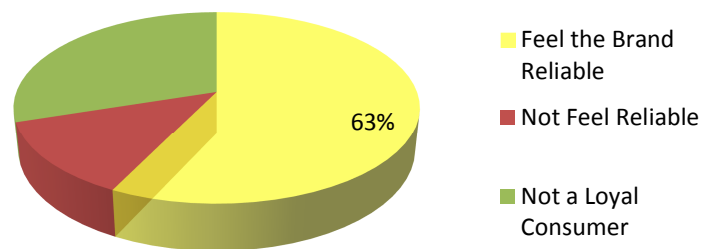


From our survey we have already seen that 98% respondents are very much aware of the MAGGI noodles. Among them almost 96% have tried the product at least once. Where, 67% respondents are regular consumer of MAGGI noodles. While we have asked the respondents to name some of the noodles brands, 72% were mentioned MAGGI noodles in the first place. Which means brand is in the “Top of Mind” of 72% of the respondents without giving any hints of the brand.



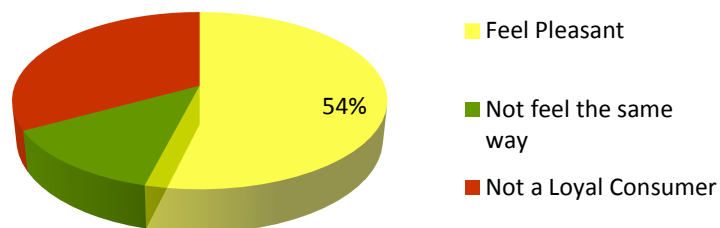
To understand what consumers' perception about the brand's performance, we asked them one question. The brand is reliable or not from their perspective in terms of consistency in taste. Out of 67% of the regular users 79 of them considering MAGGI noodles a reliable brand, which is 63% of the 124 respondents.

### Reliability on MAGGI Brand



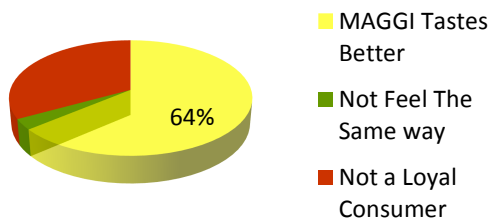
To get the insight about the brand image among the survey respondents we asked them does this brand or ads of this brand bring any pleasant memory to them. 54% of the 124 respondents said this brand brings pleasant memory to them.

### Brand Image

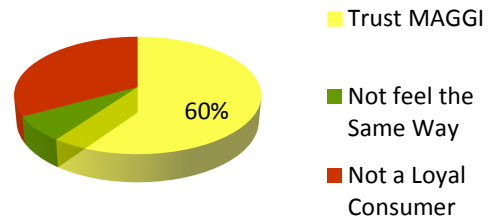


How consumers' are judging this brand is very important to understand the brand's strength. We asked our respondents, does taste of MAGGI noodles is better than rest of the noodles brand? 64% believe that taste of MAGGI noodles is better. Do they have trust in the quality of MAGGI noodles? In response to this question 60% of the respondents trust in the quality of MAGGI noodles.

### Taste of MAGGI Compare to others

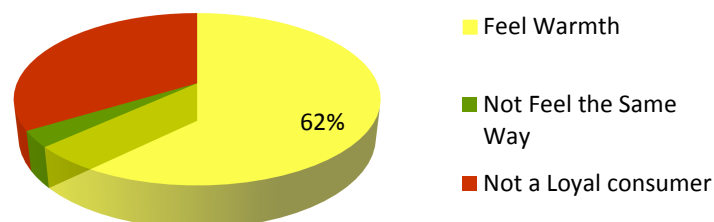


### Trust in Product Quality of MAGGI



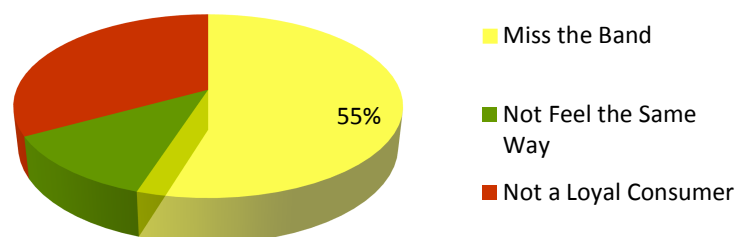
MAGGI noodles always promoting the family relationship, bonding or warmth through their advertisements. So to understand the emotional reaction towards MAGGI noodles we asked our respondents do they feel the warmth of a family in this brand? 62% of the respondents feel that warmth while see the ads or purchasing this brand.

### Feelings towards MAGGI as a Brand



To identify the resonance of the MAGGI noodles among consumers we asked the respondents, do they going to miss the brand if it is gone? 55% of the respondents think that they are going to miss the MAGGI noodles if it is gone.

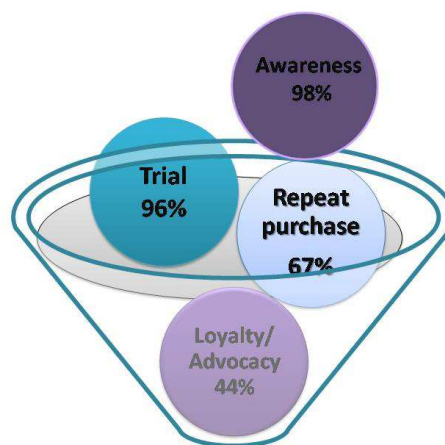
### Resonance



## Conclusion

From the survey we found MAGGI brand was in the top of mind of 72% respondents. Among 124 respondents, 96% bought the product at least once while 67% of them were regular user of MAGGI noodles. 56% of them only buy MAGGI noodles for their family. Then, we found 44% of them actually did advocacy for the brand. They either gave suggestion to their relatives, friends and colleagues to purchase MAGGI Noodles or they said positive things about the brand.

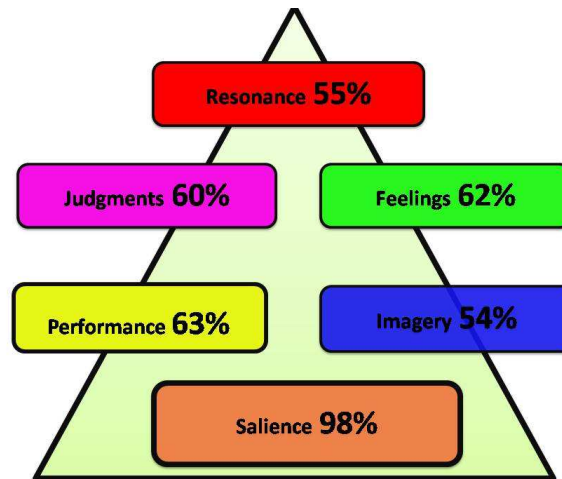
From the response of the respondent now we can track the health of MAGGI noodles. If we put the percentage of the respondent into different category of the brand funnel, we can see more than 95% of the target consumers were aware about the brand. More than 90% of them were fall into 'Trial' group, and more than 65% were in the 'Repeat Purchase' group. Finally we saw that more than 40% of the total respondents were actually did advocacy for the brand. So by seeing the 'Repeat Purchase' and 'Advocacy' rate we can say that, as a brand MAGGI noodles is in very good shape.



Brand Health Tracking

Next we have found that 98% of the respondents were well aware about the presence of MAGGI noodles, due to sampling, TVC, Billboards or Print media ads etc. 63% of them said they found the brand reliable. 54% of them said the ads brought pleasant memory to them so did the brand. In terms of taste of MAGGI noodles, 64% respondents put the brand in the top. 60% respondents have trust in the quality of MAGGI noodles. Among them, 62% feel the warmth of family

around the brand. At the end we have found 55% of the respondents were going to miss this brand if the brand was gone.



From the survey we have found that 98% is in the salience level, more than 60% were relying in the product performance. More than 50% perceived positive image regarding the brand. almost 60% had trust on the quality of MAGGI noodles, where 62% have positive feelings about the brand. in the end more than 55% fall into 'Resonance' category. That means as a brand MAGGI successfully able to give 'Right Type' of experience to its major target customer. They have been able to create emotional attachments with the consumers. By promoting the affection between family members they have gave their customer the warmth feeling. Most of all they have been successfully create a loyal consumer group, who were going to miss MAGGI noodles if it was gone.

## *Learning & Observation*

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### **ASSIGNED TASKS**

During my internship in Nestle Bangladesh Ltd, I was recruited in the brand team. I was assigned to the MAGGI team, and my line manager was the Brand Manager of MAGGI back then. All the tasks I have to carry out related to the brand. Assisting the brand manager was the major task. That led to involvement in various types of activities.

During my tenure as an intern in Nestle, I have performed various tasks. Following tasks were major among them.

**Prepare Sales presentation:** To get a real view of the sales condition of different SKU's I have to search data from the sales record, analyze them and prepare a presentation based on that. That gave the brand manager an idea of the secondary sales, and percentage of the productive outlets, top distributors for any specific SKU. Besides these sometimes I had to prepare a presentation on brand strength, and future prospect to motivate different sales channel.

**Prepare Gantt chart:** After I had observed one promotional campaign, brand manager assigned me to prepare Gantt chart for the future campaigns. I had prepared two more Gantt chart. After collecting the information of different tasks & their requisite time I had prepared the Gantt chart, and managed the predecessor and successor task very carefully.

**Assist brand manager to keep on track:** I had to assist the brand manager to be on track on specific project, product promotion or campaign. While I traced a hint of deviation from schedule, I raised alarm, communicate with the manager and to those who were involved. Sometimes I had to talk to different officials, requested them to speed up the process while there was time inadequacy. This is because sometimes we were behind schedule due to unprecedented events.

**Communicate with the Creative Agency:** I had to maintain proper communication with the POSM & packaging design agency. When there were any changes in the packaging required,

after brand manager gave me the direction. I contacted with the agency correspondent, explained them and then kept follow up to get the design on time. Same thing happened for the POSM too.

**Communication with the suppliers:** While we faced time shortage, I had to contact directly with the suppliers to get the quotation for different types of POSM. After suppliers provided me the samples of any POSM, I had to get the approval from the Brand Manager and other stakeholders (like sales team, legal body, communication team etc.). After any suppliers' samples and submitted quotation got selected, I had to keep follow up with them to ensure the POSM had arrived to the Distribution Center on time.

**Taking approval from different stake holders:** Like other MNC's in NBL while taking any decision, brand managers need to take approval from different stakeholders inside the company. On behalf of the brand managers I had to take all those approvals from communication manager, Nutrition Health & Wellness manager, Regulatory & scientific bodies, Quality Assurance officer, Application Group, Legal team, Sales team, Manufacturing director, sales director, finance director & supply chain director. If any stakeholders raised any issue while giving approval, or did not give approval, I conveyed the message to brand manager. When there raised any issue regarding POSM, I personally explained the agency about the mistake and asked them to revise or correct the fault.

**Assist Third party agency for activation & free sampling:** I also had to assist the third party agency in executing free sampling program. I had prepared the schedule, and plan for executing the samplings. Sometimes I also had to coordinate with the suppliers to ensure the supply of necessary set up for the programs. Occasionally I had to be in the field to observe the progress & collect feedback from target groups. Sometimes I had to be present in the recruitment process of 'Brand Promoters' to assist the third party agency.

**Market visit:** Market visit is one of the core responsibilities of that internship program. I had visited hundreds of retail stores and organized trade under 12 distribution centers in Dhaka region. The purpose of the market visit is to know about the current sales situation of the MAGGI products, traders' feedback, consumers' complain etc. from point of purchase. Sometimes I had to manage the traders to place the product right in front of the consumer's view,

sometimes also discouraged them to keep only MAGGI product on customized trade shelf, basket, Jar etc.

**Other tasks:** In addition to these responsibilities I also had to take care of some other tasks. Such as, communicate with the Territory Officers on daily basis to ensure they have received POSM on time. When any competitors' product or promotional campaign launched in the market, I had to collect sample and brief brand manager. I had organized intra departmental programs & party also. Briefed different stake holders about the plan while managers were away and schedule meetings and prepared meeting minutes after every meetings.

### **Challenges**

During my internship in NBL I have done lot of different types of work. In some of them I did not have to put much thought but in some of them I had to be very careful. In such task there was no margin for error. If I had done any mistake, the whole project will be fall behind schedule. For instance, while there was any change required in the packaging I had to go through every single word, even letter and ensure all the trademark, copyright sign to make sure everything was in its place. When I was confident that there was no single deviation exists in the new arrived pack design from the guidelines, I informed my manager and sent that right away. In such case my manager had to trust me blindly. If I had done any mistake or overlooked any fault, whole batch of packaging would be wasted and put my manager into trouble. Sometimes I had to take some decision by myself without discussing with my manager, as either they were busy or not present. In case activation of program sometimes I had to take decision on spot as there was no option for discussion. While dealing with suppliers I had to be very careful, as every communication was in written form (email). Any mistake of mine could put me and my line manager into huge trouble.

### **Recommendation**

Working in NBL is challenging and at the same time it is a enjoying too. I consider myself lucky to have such opportunity of working there. The marketing department of NBL is a place full of

talented, experienced and energetic people. Learning opportunity was huge and every one in that team was well behaved, friendly and well coming.

Working with such team is always a great challenge. In every step or task I have to prove my competency. It is quite difficult for someone with no previous work experience to keep up with the pace. Time management, prioritize tasks, multi-tasking skills etc. are must, to perform well in such environment. So it would be better for me if NBL HR team could have organized some training session beforehand. Such training would make us more competent, we would be more helpful to our line manager and most of all our learning experience would be much better.

### *Conclusion*

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Working in NBL was one of the greatest opportunities I ever have. I was exposed to the corporate environment. I was lucky to observe the way of working in an MNC. Which was ultimately boost up my confidence and increase my desire for learning new things. Working with bunch of talented people really developed my understandings, and made me matured. Following orders, managing my time and resources actually helped me prepared myself for my future carrier.



